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**Subject:** SMART NEWS E-bulletin: News and Tips from Massachusetts Deferred Compensation Plan



# SMART NEWS

## A Bi-monthly e-bulletin of the Massachusetts Deferred Compensation SMART Plan

### Highlights of this issue include:

- **Message from the Director, Deferred Compensation**
- **Plan Participant Testimonial**
- **Join the SMART Plan: Online Access**
- **Tips and Approaches: Your Investment Portfolio/Asset Allocation**
- **Feedback**

### Message from the Director, Deferred Compensation Navigating through Stormy Markets

Since the launch of our flagship SMART NEWS e-Bulletin, we have seen some major events in the global economic market. Market volatility, the debt ceiling debate, the S&P downgrade, and fears of a double dip recession dominate the daily headlines. In times like these, it is important to remember that saving for retirement is a long-term initiative.

History has shown that reacting to day-to-day market fluctuations could cost investors in the long-term. A significant portion of the market's gains over time tend to come in concentrated periods. If you missed the 10 best performing days of the stock market in the last 20 years, your total portfolio return would be reduced from 6.91% to 3.27%.<sup>1</sup>

To ensure that your investments are working hard, and you are maximizing steps to achieving not just your goals but your retirement dreams, contact a SMART Plan Representative today to review your account asset allocation.

I also encourage plan members to view the Fundamentals of Investing video seminar on the SMART Plan home page (<http://www.mass.gov/smartplan/>), for some best practices on retirement investing and asset allocation.

As a fellow SMART Plan participant, I intend to *stay* the course and *stay* invested.

**David Lynch**

<sup>1</sup> FOR ILLUSTRATIVE PURPOSES ONLY. Past performance is not a guarantee of future results. Source: Yahoo Finance. S&P 500 returns January 1, 1991 through December 31, 2010, all returns expressed as total returns, with no dividends. This chart is not intended as financial planning or investment advice. Calculations conducted by Advised Assets Group, LLC, a federally registered investment adviser and a wholly owned subsidiary of Great-West Life & Annuity Insurance Company.

### Plan Participant Testimonial

In this issue we feature Joanne, a SMART Plan member and employee at the Department of Workforce Development.

*"You'll never look back and say 'you saved too much'. I have been in the program most of my 30 plus years and I never would have saved what I saved if I cashed a physical check every week. I started with \$\$ a pay period and added to it with our step raise; though small, they do add up. I'm planning on this money to supplement the difference between my current salary and pension in my pay when I retire. Everyone should join the SMART Plan..."*

Joanne of DWD

### Join the Massachusetts Deferred Compensation SMART Plan today!

Whether you've been employed for years or are a new state or municipal employee, put the Massachusetts Deferred Compensation SMART Plan to work for you. Enroll online today at [www.mass-smart.com](http://www.mass-smart.com), or call 877-457-1900 to speak with a SMART Plan Representative.

### Online Access /Updates

Checked your SMART Plan account online lately? If not, we encourage you to access your account at ([www.mass-smart.com](http://www.mass-smart.com)) and review your investment options. While online, take a moment to review all the planning resources available to you through your online account.

### Tips and Approaches

Starting or Managing your SMART Plan account

**Asset Allocation:** *Balancing Financial Risk; Transforming your Savings into Real Income*

Like many investors, you are probably faced with many investment options and questions to answer when deciding where to invest your money. Here we will try to help you consider some methods and strategies for managing your retirement savings portfolio. Although there is nothing that can ensure better returns, one method called 'asset allocation' requires very little effort, may minimize risk and potentially improve better returns.

Quite often, one consequence of failing to rebalance is a poor understanding of different types of investments and how they move in relation to each other. Proper **asset allocation** is a method for spreading your investment dollars

across different types of investments and restoring your balances back to their original percentages.

If you are now getting started and have only a few hundred or a few thousand to launch your retirement savings, consider the following step-by-step guide to building a SMART and properly diversified portfolio:

1. Budget Conscious Investing. Get started with a \$50 or \$100 tax-deferred deduction from your payroll into your SMART Plan account. If you are able to only invest \$50 or \$100 a month, it won't take long to start building a portfolio that may start to grow in value.
2. Stay Invested. Though the stock market is experiencing some instability, you may be tempted to either reduce your contributions or pull out of the market. But keep in mind that either approach can cause you to miss a 'sudden' market upswing. Given, however, the market will mostly likely rebound; keep investing through the down markets, since this is when your dedication and investment may pay off with higher returns down the road.
3. Rebalance Yearly. As time passes, some of your investments may grow in value, while others may either lose money or stay the same. Once you establish your target allocations, stick to them. This might also be a good time to consider rebalancing your account and put account balances back to original percentages since asset allocations can become skewed. But stay invested and stay optimistic.
4. Make Larger Contributions. Increasing your contributions level not only guarantees your retirements savings, but also lowers your annual taxes through the tax-deferred option. Along with low administrative costs, you can be sure more of your money will be working for you.

#### Feedback - We want to hear from you!

We would love to know what you think! Share your story. Please let us know if you have any comments or questions about any of these articles or the bulletin in general. Email your comments or questions to [smartplan@tre.state.ma.us](mailto:smartplan@tre.state.ma.us)

Please forward this bulletin to anyone who might be interested in receiving it or may have been omitted from this mailing.